

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Unit Name BELLAIRE PUBLIC LIBRARY	County ANTRIM
Fiscal Year End DECEMBER 31, 2006	Opinion Date NOVEMBER 19, 2007	Date Audit Report Submitted to State NOVEMBER 21, 2007	

We affirm that:

We are certified public accountants licensed to practice in Michigan.


We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES NO **Check each applicable box below.** (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input checked="" type="checkbox"/>			
The letter of Comments and Recommendations	<input type="checkbox"/>	NO REQUIRED COMMENTS		
Other (Describe)	<input type="checkbox"/>	N/A		
Certified Public Accountant (Firm Name) DAN SMITH, CPA		Telephone Number 989-732-1441		
Street Address 114 S CENTER AVENUE SUITE 108		City GAYLORD	State MI	Zip 49735
Authorizing CPA Signature 		Printed Name DANIEL S SMITH		License Number 20912

BELLAIRE PUBLIC LIBRARY
ANTRIM COUNTY, MICHIGAN
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

Bellaire Public Library

Library Board of Trustees

Martha Harris – President

Carol Whitson - Treasurer

Melynda Bagley - Vice President

Sherry Comben - Trustee

Marjorie Fleet – Secretary

Jim Wilson - Trustee

Library Staff

Linda Offenbecker - Director

Lori Smalley – Assistant Librarian

Mary Henderson – Assistant Librarian

BELLAIRE PUBLIC LIBRARY

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITOR'S REPORT	I
Management's Discussion and Analysis	II - IV
FINANCIAL STATEMENTS	
Statement of Net Assets	1
Statement of Activities	2
Balance Sheet – General Fund	3
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Assets	4
Statement of Revenues, Expenditures, and Changes in Fund Balance – General Fund	5
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds, to the Statement of Activities	6
Notes to Financial Statements	7-12
REQUIRED SUPPLEMENTAL INFORMATION	
Budgetary Comparison Schedule – General Fund	13

INDEPENDENT AUDITOR'S REPORT

November 19, 2007

To the Members of the Board
Bellaire Public Library
Antrim County, Michigan

I have audited the accompanying financial statements of the governmental activities and the major fund of the Bellaire Public Library, a joint venture, as of and for the year ended December 31, 2006, which collectively comprise the Library's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Library's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the governmental activities and the major fund of the Bellaire Public Library as of December 31, 2006, and the respective changes in financial position thereof and for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages II-IV and budgetary comparison information on page 13 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion on it.



Daniel S. Smith, CPA

BELLAIRE PUBLIC LIBRARY

**PO Box 477
Bellaire MI 49615
(616) 533-8814**

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the annual financial report of the Bellaire Public Library presents our discussion and analysis of the entity's financial performance during the fiscal year ended December 31, 2006. Please read it in conjunction with the financial statements which immediately follow this section.

Financial Highlights

Our financial status improved over the last year. The change in net assets, as calculated on the full accrual basis of accounting was \$11,012. The excess of revenues over expenditures as calculated on the modified accrual basis of accounting was \$7,031.

Total assets increased to \$550,992, of which \$231,538 is invested in capital assets.

Overall revenues were \$131,359, of which \$101,561 are property taxes collected from the residents of Forest Home and Kearney Townships. Overall expenses (including depreciation) totaled \$120,347.

The primary revenue source of the Library is property tax revenues, collected from Kearney & Forest Home Townships at .35 mills, consistent with the prior year levy.

Overview of the Financial Statements

This annual report consists of three parts: the management's discussion and analysis, the basic financial statements, and supplementary information. The basic financial statements include two different kinds of statements that present different views of the Library.

The government-wide financial statement provides both long and short-term information about our overall financial status. The fund financial statements provide financial information using the current measurement focus. The notes to the financial statements explain some of the information in the statements and provide more detailed data. Required supplementary information further explains and supports the financial statement information with budgetary comparisons.

Government-Wide Statements

The government-wide statements report information about the Library as a whole using accounting methods used by private companies. The Statement of Net Assets includes all of the Library's assets and liabilities, both short-term and long-term in nature. The Statement of Activities records all the current year revenues and expenses regardless of when received or paid.

The two government-wide statements report net assets and how they have changed. Net assets are the difference between the Library's assets and liabilities. This is one method to measure an entity's financial health or position.

Over time, increases or decreases in an entity's net assets is an indicator of whether financial position is improving or deteriorating. To assess overall health of an entity, you may also have to consider additional factors such as the shrinking property tax levy due to the Headlee rollback and the timing of receiving contributions.

The Library is involved in only one activity – library services – which are primarily supported by property tax contributions and therefore are reported as a governmental activity.

Fund Financial Statements

The fund financial statements provide more detailed information about the Library's operating fund. Funds are used to account for specific activities or funding sources. Funds are established to account for funding and spending of specific financial resources and to show proper expenditure of those resources.

The Library has the following fund:

General Fund – This fund records all of the financial activity of the Library.

Financial Analysis of the Library as a Whole

The Library's total net assets increased by approximately 2% during the year ended December 31, 2006 totaling \$550,992. The increase is primarily due to the increase in revenues over expenditures in 2006.

The Library's total revenue increased by \$151 from 2005. The increase is primarily comprised of increases in property tax revenue due to an increase in the taxable value of properties within Forest Home and Kearney Townships.

The Library's total expenditures increased by \$3,601 from 2005. The increase is comprised primarily of increases in employee wages and increase in the purchase of books and other materials.

Financial Analysis of the Library's Funds

The day to day activities of the operations fund have remained consistent from 2005 and is comprised largely of personnel costs, book purchases, utilities and building maintenance. The cost of these activities increased approximately 5% from the prior year. The revenues collected to fund the activities increased slightly due to an increase in taxable values within Forest Home and Kearney Townships. This resulted in an excess of revenues over expenditures of \$7,031 in the fund financial statements.

Financial Analysis of the Library's Funds (Continued)

The Board designated fund balance, which is earmarked for future building enhancements, increased by \$52,832 due to the interest earned on the investment and an increased designation by the board of \$50,000 in January, 2006.

As of December 31, 2006, the undesignated and unreserved fund balance is \$115,323 which is a decrease of \$45,801 from the prior year. The reduction is primarily due to the board's additional designation of \$50,000.

Capital Asset and Long-term Debt Activity

Capital Assets – The Library purchased library books during the year. Total capital asset additions were \$29,678.

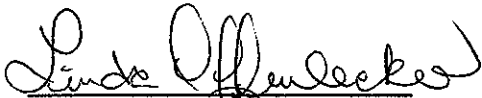
Long-term Debt – The Library has incurred no long-term debt at this time.

Known Factors affecting future Operations

There are currently no known factors that are anticipated to have a significant impact on future operations.

Contacting Entity Management

This financial report is designed to provide taxpayers and customers with a general overview of the entity's finances and to demonstrate the entity's accountability for the revenues it receives. If you have questions concerning this report, please contact either Linda Offenbecker or Carol Whitson at 111 South Bridge Street, Bellaire, MI 49615.


Linda Offenbecker – Director


Carol Whitson – Treasurer

**BELLAIRE PUBLIC LIBRARY
STATEMENT OF NET ASSETS
AS OF DECEMBER 31, 2006**

ASSETS

Current Assets

Cash	\$ 22,211
Certificate of Deposit	297,243
	<hr/>
Total Current Assets	319,454
	<hr/>

Capital Assets

Land	25,000
Building, Books, Fixtures and Equipment	476,233
	<hr/>
	501,233
Less, Accumulated Depreciation	(269,695)
	<hr/>
Total Capital Assets	231,538
	<hr/>
Total Assets	550,992
	<hr/> <hr/>

LIABILITIES

Current Liabilities

Accounts Payable	-
	<hr/>

NET ASSETS

Net Assets

Unrestricted	319,454
Investment in Capital Assets	231,538
	<hr/>
Total Net Assets	\$ 550,992
	<hr/> <hr/>

See accompanying notes to the financial statements

**BELLAIRE PUBLIC LIBRARY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2006**

<u>P R O G R A M R E V E N U E S</u>				<u>NET REVENUE (EXPENSE) AND CHANGE IN NET ASSETS</u>
<u>EXPENSES</u>	<u>CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS AND CONTRI- BUTIONS</u>	<u>CAPITAL GRANTS AND CONTRI- BUTIONS</u>	
GOVERNMENTAL ACTIVITIES:				
Library Activities				
\$ 120,347	\$ 1,015	\$ 25,067	\$ -	(94,265)
GENERAL REVENUES:				
Property Taxes				101,561
Interest Income				3,716
Total General Revenues				105,277
Change in Net Assets				11,012
Net Assets - Beginning of Year				539,980
Net Assets - End of Year				\$ 550,992

See accompanying notes to the financial statements

**BELLAIRE PUBLIC LIBRARY
BALANCE SHEET
GENERAL FUND
DECEMBER 31, 2006**

ASSETS

Current Assets

Cash	\$ 22,211
Certificates of Deposit	297,243
	<hr/>
Total Assets	319,454
	<hr/> <hr/>

LIABILITIES AND FUND EQUITY

Current Liabilities:

Accounts Payable	-
	<hr/>
Total Liabilities	-
	<hr/> <hr/>

Fund Equity

Fund Balance - Undesignated	115,323
Fund Balance - Designated	203,782
Fund Balance - Reserved	349
	<hr/>
Total Fund Balance	319,454
	<hr/>

Total Liabilities and Fund Equity	\$ 319,454
	<hr/> <hr/>

See accompanying notes to the financial statements

**BELLAIRE PUBLIC LIBRARY
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
DECEMBER 31, 2006**

**TOTAL FUND BALANCE - GOVERNMENTAL ACTIVITIES
PER THE BALANCE SHEET - PAGE 3**

\$ 319,454

Amounts reported for governmental activities in the Statement of
Net Assets (page 1) are different because:

Capital assets used in governmental activities are not financial
resources and therefore not used in the funds

231,538

**TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES
PER THE STATEMENT OF NET ASSETS - PAGE 1**

\$ 550,992

See accompanying notes to the financial statements

**BELLAIRE PUBLIC LIBRARY
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

REVENUES:

Property Taxes	\$ 101,561
Penal Fines	11,623
Gifts and Donations	10,649
Interest	3,716
State Aid	2,795
Overdue Fines	1,015

Total Revenues	131,359
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EXPENDITURES:

Salaries and Wages	46,411
Payroll Taxes	3,818
Books	23,777
Books and Other - Friends/Donations	11,262
Accounting Services	9,250
Building Maintenance	7,279
Automation	6,740
Utilities	5,112
Insurance	2,737
Periodicals	2,251
Supplies	2,062
Dues	1,397
Postage	681
Equipment Maintenance	275
Programs	467
Miscellaneous	809

Total Expenditures	124,328
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Excess of Revenues over Expenditures	7,031
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Fund Balance - Beginning of Year	312,423
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Fund Balance - End of Year	\$ 319,454
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See accompanying notes to the financial statements

**BELLAIRE PUBLIC LIBRARY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2006**

NET CHANGE IN FUND BALANCE - GOVERNMENTAL FUNDS PER THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - PAGE 5	\$ 7,031
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Amounts reported for governmental activities in the Statement of Activities (page 2) are different because:

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives.	29,678
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Depreciation expense is recorded in the Statement of Activities, but not in the governmental fund financial statements.	(25,697)
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CHANGE IN NET ASSETS - GOVERNMENTAL ACTIVITIES STATEMENT OF ACTIVITIES - PAGE 2	\$ 11,012
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See accompanying notes to the financial statements

**BELLAIRE PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2006**

NOTE A: ENTITY

The Bellaire Public Library is a joint venture District Library located in Antrim County, Michigan. The Library's mission is to serve people of all ages by actively providing easily accessible information, materials, services, and programs designed to meet the community's evolving educational, recreational, cultural and informational needs. It receives a majority of its financial support from property taxes levied in Forest Home and Kearney Townships, penal fines, and local donations. The Library operates under a Board of Trustees, comprised of six members appointed by the Townships.

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

INTRODUCTION

The accounting and reporting framework and the more significant accounting principles and practices of the Library are discussed in subsequent sections of this Note. The remainder of the Notes are organized to provide explanations including required disclosures of the Library's financial activities.

The accounting policies of the Library conform to the generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

GOVERNMENT WIDE AND FUND FINANCIAL STATEMENT PRESENTATION

Government-Wide Financial Statements

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for the Library as a whole.

Fund Financial Statements

Fund financial statements are provided for the Library's governmental fund. The measurement focus and basis of accounting for the government-wide and fund financial statements are described in a subsequent section of this note.

FUND TYPES AND MAJOR FUNDS

General Fund - This is the only fund of the Library. It is a governmental fund used to account for all financial resources related to library operations.

**BELLAIRE PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2006**

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The financial statements of the Library are prepared in accordance with generally accepted accounting principles (GAAP). The Library applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements. The Library does not apply FASB pronouncements or APB opinions issued after November 30, 1989.

Government-Wide Financial Statements

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available.

Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Library considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred.

PROPERTY TAXES

In August, 1994, the Townships of Forest Home and Kearney passed a millage allowing the Library to levy a tax annually on the taxable property in the District (comprised of Forest Home and Kearney Township) in the amount of forty cents per one thousand dollars (.4 mills) for the purpose of supporting the Library. The current (2005 tax year) operating levy is .35 mills.

Taxes are levied on December 1 and become a lien on the property at that time. The townships collect property tax from December 1, it is the Library's policy to recognize revenues from the current tax levy in the subsequent year when the proceeds of this levy are budgeted and is available for the financing of Library operations.

**BELLAIRE PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2006**

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Management has determined that the value of uncollected personal property taxes is immaterial to the financial statements each year, accordingly, no provision for uncollectible accounts has been provided.

USE OF ESTIMATES

The financial statements have been prepared in conformity with generally accepted accounting principles as applicable to governments and, as such, include amounts based on informed estimates and judgments of management with consideration given to materiality. Actual results could differ from those estimates.

BUDGETS

An operating budget is prepared by the Library annually and presented to the member townships. The budget is adopted prior to January 1, on the modified accrual basis and is amended at regular intervals throughout the year.

Public Act 621 of 1978 as amended provides that a local unit shall not incur expenditures in excess of the amount appropriated. During the year ended December 31, 2006, the Library experienced no over-expenditures.

CASH EQUIVALENTS

Cash equivalents are defined as short-term, highly liquid investments that are readily convertible to known amounts of cash and are so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Cash equivalents for the Bellaire Public Library consist of certificates of deposit with an original maturity of 90 days or less.

CAPITAL ASSETS AND DEPRECIATION

The Library's property, plant, equipment, furniture, and books with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. The Library has no infrastructure assets. Donated assets are stated at fair value on the date donated. The Library generally capitalizes assets with historical cost of \$500 or more as purchase and construction outlays occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts and the resulting gain or loss is recorded in operations.

**BELLAIRE PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2006**

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimated useful lives, in years, for depreciable assets are as follows:

Buildings	50 – 75
Computer Equipment	5 – 7
Furniture	7 – 10
Books	3 – 7
Shelving	25 – 30

NOTE C: CASH AND INVESTMENTS

CASH

Cash is maintained in a financial institution in the Bellaire, Michigan area. The cash consists of an interest bearing checking account. The carrying amount in the checking account at December 31, 2006 was \$22,211 and the bank balance was \$26,343, which is entirely insured by FDIC insurance.

INVESTMENTS

The Governmental Accounting Standards Board Statement No. 3 risk disclosures for the Library's investments are as follows:

Category 1 – Insured or securities held by the Library or the Library's agent in the Library's name.

Category 2 – Uninsured with securities held by the counter party's trust department or its agent in the Library's name.

Category 3 – Uninsured with securities held by the counter party's trust department or agent but not in the Library's name.

Investments consist of certificates of deposit with an original maturity in excess of 90 days. Interest income is recorded when received. As a result, the book value approximates the market value. Balances at December 31, 2006, consist of the following:

	Category 1	Category 2	Category 3	Carrying Value
Certificates of Deposit	<u>\$ 150,000</u>	<u>\$ 147,243</u>	<u>\$ -</u>	<u>\$ 297,243</u>

**BELLAIRE PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2006**

NOTE C: CASH AND INVESTMENTS (CONTINUED)

Statutory Authority

Act 217, PA 1982, authorizes the Library to deposit and invest in:

- (a) Bonds and other direct obligations of the United States or its agencies.
- (b) Certificates of deposit, savings accounts, deposit accounts, or depository receipts of federally insured banks, insured savings and loan associations or credit unions insured by the national credit union administration that are eligible to be depositors of surplus money belonging to the State under section 5 or 6 of Act 105, PA 1855, as amended.
- (c) Commercial paper rated at time of purchase within the three highest classifications established by not less than two standard rating services. Maturity cannot be more than 270 days after purchase and not more than 50 percent of any fund may be invested in commercial paper at any time.
- (d) United States Government or Federal Agency obligation repurchase agreements.
- (e) Banker's acceptance of United States banks.
- (f) Mutual funds composed of investments which are legal for direct investments by local units of government in Michigan.

The Library's cash deposits and investments are in accordance with statutory authority.

NOTE D: CAPITAL ASSETS

	Balance 1/1/2006	Additions	Disposals	Balance 12/31/06
Governmental Activities				
Capital assets not being depr:				
Land	\$ 25,000	\$ -	\$ -	\$ 25,000
Capital assets being depr:				
Buildings & Improvements	140,377	-	-	140,377
Furniture and Fixtures	38,796	-	-	38,796
Computer Equipment	37,085	-	-	37,085
Books	244,911	29,678	14,614	259,975
Subtotal	461,169	29,678	14,614	476,233
Accumulated depreciation:				
Buildings & Improvements	29,226	1,871	-	31,097
Furniture and Fixtures	21,164	2,442	-	23,606
Computer Equipment	34,299	978	-	35,277
Books	173,923	20,406	14,614	179,715
Subtotal	258,612	25,697	14,614	269,695
Net capital assets being depr.	202,557	3,981	-	206,538
Net capital assets	\$ 227,557	\$ 3,981	\$ -	\$ 231,538

Depreciation expense was charged entirely to the operations function of the Library.

**BELLAIRE PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2006**

NOTE E: FUND BALANCE

RESERVED FUND BALANCE

The designated fund balance represents funds that are gifted to the Library and earmarked for a specific purpose (books, equipment, etc) by the donor. The amount of monies reserved for such purposes at December 31, 2006 totaled \$349.

DESIGNATED FUND BALANCE

The Library Board has designated monies to set aside for the purpose of funding major improvements or repairs to the building. The designated fund balance at December 31, 2006 is \$203,782.

RESTRICTED NET ASSETS

Net assets in the government-wide financial statements are categorized as either invested in capital assets, restricted by an outside source, or unrestricted. Board designations are not distinguished on the Statement of Net Assets.

NOTE F: INSURANCE

The Library is insured for general liability and property loss claims by the State Farm Insurance Company. The following coverage exists:

GENERAL LIABILITY	\$ 1,000,000
BUILDING	\$ 445,100
PERSONAL PROPERTY	\$ 153,200

BELLAIRE PUBLIC LIBRARY
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET VS ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2006

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE FROM FINAL AMENDED BUDGET
REVENUES				
Property Taxes	\$ 100,808	\$ 100,808	\$ 101,561	\$ 753
Penal Fines	10,000	10,000	11,623	1,623
Gifts and Donations	9,750	9,750	10,649	899
Interest	6,150	6,150	3,716	(2,434)
State Aid	2,795	2,795	2,795	-
Overdue Fines	700	700	1,015	315
Total Revenues	130,203	130,203	131,359	1,156
EXPENDITURES				
Salaries and Wages	46,385	46,385	46,411	(26)
Payroll Taxes	3,550	3,550	3,818	(268)
Books	23,000	23,000	23,777	(777)
Books and Other - Friends/Donations	9,750	9,750	11,262	(1,512)
Professional Services	9,200	9,200	9,250	(50)
Building Maintenance	12,000	12,000	7,279	4,721
Automation	6,000	6,000	6,740	(740)
Utilities	7,500	7,500	5,112	2,388
Insurance	2,800	2,800	2,737	63
Periodicals	2,300	2,300	2,251	49
Supplies	2,600	2,600	2,062	538
Dues	1,398	1,398	1,397	1
Postage	800	800	681	119
Programs	750	750	467	283
Equipment Maintenance	500	500	275	225
Miscellaneous	1,670	1,670	809	861
Total Expenditures	130,203	130,203	124,328	5,875
Excess of Revenues Over Expenditures	-	-	7,031	7,031
Fund Balance - Beginning of Year	312,423	312,423	312,423	-
Fund Balance - End of Year	\$ 312,423	\$ 312,423	\$ 319,454	\$ 7,031